

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 OMB-01 TAR-02 AGR-20

AID-20 CIAE-00 COME-00 INR-10 LAB-06 NSAE-00 OIC-04

RSC-01 SIL-01 STR-08 TRSE-00 CIEP-02 CEA-02 SSO-00

INRE-00 SS-15 NSC-10 NSCE-00 RSR-01 /152 W

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O R 110930 Z APR 73

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 8756

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

USUN NEW YORK 8663

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 1657

E. O. 11652: N/A

TAGS: ETRD, UNCTAD

SUBJ: UNCTAD: COMMENTS ON LDC DRAFT RESOLUTION ON PREFERENCES

REF: GENEVA (A) 1652; (B) 1615; (C) 1572 AND (D) 1614; STATE 66701

BEGIN SUMMARY: US DEL BELIEVES MUCH OF DRAFT RESOLUTION ON PREFERENCES TABLED BY LDCS IS UNACCEPTABLE AND WILL BE DIFFICULT NEGOTIATE AGREED TEXT BECAUSE OF SUBSTANTIAL MODIFICATIONS REQUIRED. THIS VIEW SHARED BY MOST PREFERENCE- GIVING COUNTRIES. US DEL WILL JOIN GROUP B DONOR COUNTRIES IN ATTEMPTING TO FORMULATE AGREED CONCLUSIONS TO ALLOW MORE FREEDOM FOR EXPRESSION OF DIFFERING POSITIONS OF DEVELOPED AND DEVELOPING COUNTRIES. ACTION REQUESTED: SINCE MANY ELEMENTS IN DRAFT RESOLUTION LIKELY ALSO BE CONSIDERED FOR INCLUSION IN AGREED CONCLUSION, REQUEST DEPT. REACTIONS ON DRAFT TEXT AND OUR COMMENTS THEREON SOONEST. END SUMMARY

1. GROUP B DONOR COUNTRIES GENERALLY AGREED DRAFT TEXT OF LDCS PRESENTS FORMIDABLE DIFFICULTIES AND AGREED
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RESOLUTION UNLIKELY. SENTIMENT STRONGLY FAVORS AGREED CONCLUSION BECAUSE WILL BE EASIER FOR DEVELOPING AND DEVELOPED COUNTRIES TO SET FORTH DIFFERING VIEWS. THIS POSITION CONVEYED TO GROUP OF 77 AT BRIEF MEETING OF CONTACT GROUP LATE APRIL 10. SPOKESMAN OF GROUP OF 77 (WALKER- JAMAICA) SAID HE NOT SURPRISED AT REACTION. SAID DONOR COUNTRIES SHOULD COME FORWARD WITH PROPOSALS AND INSISTED THEY EXPLAIN THEIR PROBLEMS WITH DRAFT RESOLUTION IN DETAIL AFTER-NOON APRIL 11. THERE IS SOME SENTIMENT AMONG CERTAIN LDCS FOR AN AGREED CONCLUSION AND CHAIRMAN (REED- NORWAY) IS KNOWN TO BE WORKING ON TEXT. CONSIDERATION OF AGREED CONCLUSION, HOWEVER, UNLIKELY TAKE PLACE UNTIL BECOMES CLEAR THAT CONTACT GROUP UNABLE REACH AGREEMENT ON DRAFT RESOLUTION.

2. WHETHER US DEL FACED WITH DRAFT RESOLUTION OR AGREED CONCLUSION, MANY OF POLICY ISSUES WILL BE SAME. US DEL WOULD, THEREFORE, APPRECIATE DEPT. REACTION TO DRAFT RESOLUTION AND OUR COMMENTS BELOW SOONEST.

3. FOLLOWING ARE COMMENTS OF US DEL ON TEXT OF DRAFT RESOLUTION OF DEVELOPING COUNTRIES TABLED AT UNCTAD SPECIAL COMMITTEE ON PREFERENCES WHICH WAS TRANSMITTED GENEVA 1652. CERTAIN PORTIONS OF TEXT (PARTICULARLY SECTION V) HAVE PROBLEMS OF GRAMMAR AND CLARITY REFLECTING HASTE AND DIFFICULT COMPROMISES OF DRAFTERS.

PREAMBULAR PARAS. WITH EXCEPTION OF PARAS ON UNDP TECHNICAL ASSISTANT PROJECT, US DEL BELIEVES ALL PREAMBULAR PARAS WILL NEED TO BE MODIFIED AND BROUGHT INTO LINE WITH AGREED CONCLUSIONS OF SPECIAL COMMITTEE ON PREFERENCES IN SECOND PART OF ITS FOURTH SESSION (TD/ B/329/ REV. 1 - TD/ B/ AC5/36/ REV. 1). REFERENCES TO EROSION OF PREFERENCES SHOULD BE DELETED.

SECTION I. MORE POSITIVE PARA SHOULD BE INSERTED IN LIGHT INTRODUCTION US TRADE BILL CONTAINING GSP.

SECTION II. US DEL WILL ATTEMPT TO STRENGTHEN REFERENCES TO IMPROVEMENTS IN GSP SCHEMES OF SOCIALIST COUNTRIES AND TRY OBTAIN GREATER BALANCE WITH SECTIONS ON LIMITED OFFICIAL USE

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DEVELOPED MARKET ECONOMY COUNTRIES.

SECTION III.

PARA 1. THIS IS REVISED VERSION OF LDC VIEWS
CONTAINED IN RESOLUTION 77(III) WITH ADDITION SUB- PARAS
ON ANTICIPATORY ADJUSTMENT ASSISTANCE AND DISSEMINATION
OF INFORMATION. SUB- PARAS (I) TO IV) ARE UNACCEPTABLE,
AND WE DOUBT WILL BE POSSIBLE NEGOTIATE ACCEPTABLE
LANGUAGE. IT MAY BE POSSIBLE SIMPLY TO TAKE NOTE OF THEM
AS REQUESTS OF LDCS AS IN RES 77(III). BELIEVE SUB- PARA
(V) IS UNOBJECTIONABLE.

PARA 2. SEE REF. (B) FOR COMMENTS OF US DEL.

PARA 3. US DEL BELIEVES WOULD BE PREFERABLE NOT
INCLUDE THIS PARA AS IT LIKELY PREJUDICE SCOPE OF CON-
SIDERATION OF RULES OF ORIGIN BY WORKING GROUP. BELIEVE
TERMS OF REFERENCE IN REF. (B) PREFERABLE.

SECTION IV. ACCEPTABLE. EC WILL HOWEVER INSIST
ON SUBSTANTIAL MODIFICATIONS.

SECTION V.

PARA 1. ACCEPTABLE

PARA 2. FIRST PART OF PARA IS FROM RESOLUTION 77(III)
IC AND IS ACCEPTABLE. CONFUSED LAST PHRASE INSERTED BY
FRENCH AFRICANS WHO FEAR LOSS OF PRIVILEGES IN EC.
TEXT LIKELY BE CLARIFIED IN DISCUSSIONS. US DEL BELIVES
CAN ACCEPT PARA 1 WITH OR WITHOUT IDEA CONTAINED IN
LAST PHRASE (I. E. QUOTE WITH A VIEW TO UNQUOTE ETC.). RIMESTAD

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PARA 3. ACCEPTABLE

PARA 4. ACCEPTABLE

PARA 5. US DEL BELIEVES THIS PARA CONTRARY TO
PRINCIPLE OF AVOIDING UNCTAD SECRETARIAT INVOLVEMENT.
IF NIGERIANS INSIST ON ITS RETENTION, COULD ACCEPT IT
IF WORDS QUOTE UPON REQUEST OF PARTIES DIRECTLY CONCERNED
UNQUOTE WERE ADDED.

SECTION VI. THIS SECTION ON SPECIAL MWASURES FOR
LEAST DEVELOPED AND LANDLOCKED COUNTRIES PRESENTING USUAL
POLITICAL PROBLEMS AT MEETING. WE UNABLE FIND ANY
REFERENCE TO RELATIONSHIP OF GSP TO LANDLOCKED IN EITHER
RESOLUTION 63(III) OR AGREED CONCLUSIONS. NEVERTHELESS,
US DEL CONSIDERS FOLLOWING COMPROMISE LANGUAGE POSSIBLE
IN SUB- PARAS (A): QUOTE THAT PREFERENCE- GIVING COUNTRIES
CONSIDER ON A CASE BY CASE BASIS INCLUSION IN GSP OF
EXPORT PRODUCTS OF PARTICULAR INTEREST TO LEAST DEVELOPED
AND LANDLOCKED UNQUOTE. THIS IS SLIGHTLY LESS RESTRICTED
VERSION OF SECTION V PARA 2 AGREED CONCLUSIONS. US DEL
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BELIEVES SUB- PARAS (B) UNACCEPTABLE.

SECTION VII.

SUB- PARA (I). AS NOW DRAFTED THIS PARA ON SPECIAL
CONSIDERATION FOR LDCS IN MTN IS UNACCEPTABLE. IF LDCS
INSIST ON PARA ON MTN, US DEL BELIEVES WE SHOULD NOT GO
BEYOND REPEATING LANGUAGE AGREED IN CHAIRMAN' S SUMMING UP
IN GATT 28 TH SESSION (L/3773/ REF. 1 NOV. 22, 1972) THAT
MTN QUOTE SHOULD AIM TO SECURE ADDITIONAL BENEFITS FOR
INTERNATIONAL TRADE OF DEVELOPING COUNTRIES UNQUOTE ETC.;
ALTERNATIVE WOULD BE TO CONVERT PARA INTO UNILATERAL
DECLARATION OF LDCS WHICH COMMITTEE WOULD NOTE. WE
WOULD ALSO INSIST ON INSERTING LANGUAGE QUOTING RELEVANT
PORTIONS OF SECTION IX OF AGREED CONCLUSIONS ON

LEGAL STATUS OF GSP.

SUB- PARA (II). WHILE US DEL DOES NOT OBJECT TO LDC COMMENTS ON EC ENLARGEMENT, INTRODUCTION OF CONCEPT OF COMPENSATION UNDESIRABLE BECAUSE OF PARALLEL TO MTN. EC OF COURSE WILL NOT ACCEPT CURRENT TEXT.

SUB- PARA (III). ASIDE FROM BEING UNACCEPTABLE, BELIEVE ISSUE OF EXCHANGE RATE IN CHANGES IN FRAMEWORK UNCTAD IS MATTER FOR COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE.

SECTION VIII. US DEL BELIEVES SECTION UNACCEPTABLE. HOWEVER, IF LDCS DESIRE REFERENCE TO IJFORMING BUSINESS COMMUNITY OF GSP, BELIEVE US CAN ACCEPT FORMULATION OF SUB- PARA 2 (B) WITHOUT REFERENCE TO SUB- PARA 2 (A) SINCE US WILL BE HOLDING PUBLIC HEARINGS ON GSP.

SECTION IX. US DEL CONSIDERS THIS SECTION ACCEPTABLE PROVIDED PROJECT IDENTIFIED AND ALL ACTIVITIES CONFORM TO PROJECT SPECIFICATIONS AS APPROVED BY UNDP. WE WILL SEEK CLARIFICATION FROM SECRETARIAT. BELIEVE WE SHOULD, HOWEVER, OBJECT TO LAST SENTENCE PARA 2 AND INSIST THAT LDC PROBLEMS WITH ANY PARTICULAR GSP SYSTEM SHOULD BE TAKEN UP ON BILATERAL BASIS AND NOT THROUGH UNCTAD.

SECTION X. US DEL BELIEVES UNACCEPTABLE
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IN PRESENT FORM. AS SUBSTITUTE, WE COULD DRAW ON LANGUAGE OF SECTION V, PARA 3 OF AGREED CONCLUSIONS ON INSTITUTIONAL ARRANGEMENTS.

4. STATE 66701 RECEIVED AFTER ABOVE DRAFTED. IN PRELIMINARY DISCUSSIONS, EUROPEANS SEEM READY ACCEPT SECTION ON SPECIAL AND REVERSE PREFERENCES THAT STICKS CLOSE TO LANGUAGE OF AGREED CONCLUSIONS IN RESOLUTION 77(III). FRENCH ARE WORKING BEHIND SCENES TO GET FRENCH AFRICANS TO WATER DOWN SECTION BUT NIGERIANS VERY TENACIOUS. IF VOTE TAKEN ON RESOLUTION (WHICH, AS INDICATED ABOVE IS DOUBTFUL AT PRESENT), UNLIKELY WOULD OCCUR BEFORE APRIL 12 AND PROBABLY LATER. RIMESTAD

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